



Agenda Item No. _____
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CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

ITEM 6B

AGENDA DATE: February 23, 2016
TO: Mayor and Councilmembers
FROM: Water Resources Division, Public Works Department
SUBJECT: Stage Three Drought Update

RECOMMENDATION: That Council:

- A. Receive an update on the status of the current drought, drought-response capital projects, and continuing conservation efforts; and
- B. Transfer \$500,000 from the Groundwater Development Project to the Supplemental Water Purchases (State Water Project – Central Coast Water Authority) line item, all within the Drought Fund, to cover any additional costs associated with water purchases.

DISCUSSION:

As a result of the unprecedented ongoing drought, Council declared a Stage One Drought condition on February 11, 2014, which was subsequently elevated to a Stage Two on May 20, 2014. On May 5, 2015, in response to the driest consecutive four-year period on record, Council declared a Stage Three Drought Emergency, increasing the community's water conservation target to 25 percent and adopting additional water use regulations by Resolution on May 12, 2015.

This drought update will cover the following items:

- Water Supply Outlook/Weather Forecast
- Drought Response Capital Projects
- Conservation Efforts

Water Supply Outlook

Rainfall for the last four years has averaged less than half of the long-term average. In accordance with the City's Long Term Water Supply Plan, depleted surface water supplies have been replaced with increased groundwater production and purchases of supplemental water. This strategy has been successful in securing supplies sufficient to

meet demand through 2016, assuming continued water conservation of 25 percent or more.

National Oceanic and Atmospheric Administration (NOAA) weather forecasts continue to support a strong El Niño condition through March 2016. Such conditions are often associated with increased rainfall for Southern California; however, rainfall has not materialized in Southern California. There have only been six strong El Niño events in recorded history. Four of those events have yielded rainfall that was average or above, and two have yielded rainfall below average. Given the unpredictable nature of El Niño events, and the unprecedented nature of the current drought situation, this phenomenon cannot be counted on to improve or end the current drought; therefore, the City is planning for continued drought conditions.

Staff is assessing the water supply strategy to respond to projected water shortages through 2018, assuming extreme drought conditions continue. The recommended strategy will be presented in March 2016.

Drought Response Capital Projects

With the increase in water main breaks over the last year, Water Resources staff is planning to reinstate the Water Main Replacement Program, which has been on hold since 2014. This program was placed on hold due to concerns about water loss during construction and having adequate staffing resources as a result of other drought related projects. At the direction of Council, full funding of \$4.7 million was budgeted this year for water main replacement. It is anticipated that a Water Main Replacement Project design can be finished, bid, and awarded in time for construction to begin in Fall 2016.

In 2015, the City experienced 89 water main breaks. Although this number is significant for a distribution system of approximately 300 miles, many communities of comparable age throughout the country are struggling with a similar break history. This spring, staff is planning to discuss with Council options to reduce the frequency of water main breaks as much of the City's water main infrastructure reaches the end of its useful life.

Work continues to move forward on the reactivation of the desalination facility. The recent contaminated soil issues are being resolved, and the contractor has received clear direction in moving forward. Off-site work on the treatment units is on schedule, with delivery to the site anticipated in May 2016.

To summarize, the current desalination plant reactivation will produce 3,125 AF annually for City water customers, and completion is anticipated for October 2016.

Negotiations continue with the Montecito Water District on an arrangement to assist them with their current and long- term water needs. At this time, there has been no substantial progress to report with the negotiations.

Conservation Efforts

The City's water conservation numbers for January 2016 show a reduction of 28 percent, compared to 2013 water demands. The cumulative average reduction since the Stage Three Drought Emergency declaration is 34 percent.

The City's water customers continue to meet and exceed both the City's and the state's targets for extraordinary conservation measures. The Stage Three Drought Emergency requires a citywide 25 percent reduction to ensure the City has adequate supplies for the 2016 water year.

The state-mandated water use reduction for the City is 12 percent below 2013 water usage. The City has been one of the few water providers statewide that has consistently met or exceeded the state's water use reduction targets and mandated conservation standards.

Revenues and Reserves

Water revenues for Fiscal Year 2016 through January 2017 are now aligned with projections. Revenue in December and January was much higher than anticipated, and staff is still investigating the reason for the increase. If the current revenue trend holds, we anticipate to be at or near our revenue target at the end of the fiscal year. Staff hopes to have more information on this positive change in revenues for our presentation.

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